



State Capitol | Lansing, Michigan 48913

PH (517) 373.3760 | FAX (517) 373.8661

www.senate.michigan.gov/gop/senator/cropsey/

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Contact: John Lazet
517-373-3760

Senate passes legislative package to help start-up businesses succeed and strengthen Michigan's economy

Lansing – Senate Republicans today passed a package of bills designed to help start-up businesses succeed, strengthening Michigan's economic future, said Sen. Alan Cropsey, R-DeWitt.

The 13-bill package approved today — referred to as Tax Relief for Economic Expansion (TREE) — supports the new fast growing, high-tech research companies. TREE will assist these start-up companies by exempting them from property taxes as well as state and city income taxes for the first five years.

“This package will stimulate small-business growth in an area that Michigan needs to be giving its full attention,” said Senate Majority Leader Ken Sikkema, R-Wyoming. “More start-up businesses will mean increased revenues, even in the first two years, through sales and other taxes. It's far better to receive some taxes from a lot of new businesses, than no taxes from nonexistent businesses.”

Businesses qualified as a “start-up” also would be exempt from the Single Business Tax (SBT) – during their first five years – in the years they do not make a profit.

“Small businesses are the backbone of Michigan's economy, creating jobs and innovation,” Cropsey said.

The first few years are the toughest for a new venture, with only 50 percent of small businesses succeeding more than four years. Senate Bills 862-873 and 875 will help those who are helping themselves and others to a more stable future in Michigan.

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“Tomorrow’s job opportunities will come from today’s small businesses,” Cropsey said. “The future Microsoft or General Motors that’s now in some Michigan resident’s garage doesn’t need the government in their way of success.”

A “start-up business” is defined by having fewer than 25 employees, having sales of less than \$1 million, not being publicly traded, and having research and development expenses of at least 15 percent.

The legislative package passed today is part of the JOBS – Job Opportunities for Business Success – action plan. Senate and House Republicans unveiled JOBS late in the fall of 2003. With today’s action, eight of nine JOBS proposals have made their way out of the Senate headed for the governor’s desk.

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